

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on policies and practices for the Commission's transmission assessment process.

Rulemaking 04-01-026
(Filed January 22, 2004)

ASSIGNED COMMISSIONER'S RULING ON NEXT STEPS

I issue this ruling in compliance with Ordering Paragraph 8 of the Commission's Order Instituting Rulemaking (OIR), which states that "[o]nce comments are received, the Assigned Commissioner will provide guidance with regard to the next steps."

The Commission has received comments from the California Independent System Operator (CAISO), three investor-owned utilities (Southern California Edison Company, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and four other interested parties, the Border Generation Group, Office of Ratepayer Advocates, the Riverside Parties (Cities of Temecula, Hemet, Murrieta and Save Southwest Riverside County), and The Utility Reform Network (TURN). Most parties either strongly support or strongly oppose the OIR's central proposal, amendment of the Commission's General Order (GO) 131-D to require Commission deference to the CAISO's determination that a specific, proposed transmission project is needed, either for reliability reasons

or for economic reasons.¹ The marked disagreement raises the specter of time-consuming and costly litigation, rather than timely, thoughtful reform of current transmission review processes.

TURN's comments, however, suggest another approach. TURN directly responds to the OIR's solicitation for alternative views for streamlining governmental review of transmission planning. Essentially, TURN suggests that the OIR defines the problem too narrowly. TURN argues that this OIR should be used to "rationalize the transmission (and overall resource) planning and certification *process* in California." (TURN reply comments, p. 1, emphasis in original.) TURN recommends a comprehensive, focused interagency collaborative process "to work out the various steps and timelines needed to establish a rational, fair and effective resource (*including transmission*) planning framework for the state." (*Id.* at p. 2, emphasis added.) TURN urges:

The goal should be to lay out a detailed end-to-end *planning process* that leverages the skills and resources of the various institutions [footnote omitted], minimizes or eliminates unnecessary duplication, and recognizes the legal mandates and responsibilities of each entity. Absent such an overall "roadmap" or "blueprint," there is considerable risk that ongoing planning, procurement and certification processes will wander off-track, reach conflicting results, or simply take too much time. (*Id.* at p. 3, emphasis in original.)

With respect to procurement, such a planning effort has begun. My September 16, 2004 ruling in R.04-04-003² advises that an interagency effort is

¹ GO 131-D governs Commission review of the planning and construction of transmission lines and other, specified electric plant by investor-owned electric utilities.

underway to integrate the Commission's long-term resource planning process and the Integrated Energy Policy Report (IEPR) process at the California Energy Commission (CEC). My ruling directs Commission-regulated electric utilities to participate cooperatively in the CEC's 2005 IEPR process and directs other parties to that forum, as well.

To achieve a comprehensive resource planning framework, the Commission must streamline the transmission planning process and integrate that with the biennial procurement process. While I endorsed this OIR as a first step in streamlining current transmission processes, I believe that TURN's proposal points the direction for our "next steps." To that end, I think it appropriate for the Commission to expand upon the analysis underlying this OIR (found in Attachment B, thereto³) to ensure that we embrace transmission solutions appropriate to the overarching goal—development of a master blueprint for resource planning and certification. I agree with TURN that an initial public forum should be convened, with high-level participation by this Commission, the CEC and the CAISO. TURN suggests two topics, proposing that each energy agency describe:

1. Its current processes, the focus of such processes, and the timelines for such processes from initial data gathering to final decisions, and

² R.04-04-003 is entitled *Order Instituting Rulemaking to Promote Policy and Program Coordination and Integration in Electric Utility Resource Planning*. It also serves as a vehicle for coordinating eight other proceedings, including R.04-01-026.

³ Attachment B to the OIR is the *Report on the Current Transmission Planning Process for Investor Owned Utilities*, December 29, 2003, prepared by the Commission's Division of Strategic Planning.

2. Any additional processes needed to ensure a complete resource planning framework.

Given the present long-term resource planning/2005 IEPR integration effort, these topics should be narrowed to focus on *transmission* planning processes as they now exist or on new ones which better fit the integrated procurement planning described in my September 16 ruling in R.04-04-003.

Presentations also should include:

1. Identification of points of overlap and/or duplication in current transmission planning,
2. Suggestions for streamlining transmission planning, with an assessment of the pros/cons of those proposals, and
3. Suggestions for streamlining transmission certification, with an assessment of the pros/cons of those proposals.

I intend to urge the support and participation of the Governor's office, the CAISO, and the CEC. Details regarding scheduling and participation will be released in the near future.

IT IS RULED that:

1. The Commission will hold a public forum to further explore existing transmission planning processes, discuss areas where streamlining is warranted, and identify transmission solutions appropriate to development of a master blueprint for resource planning.
2. Details regarding scheduling of the public forum, and participation in it, will be forthcoming.

Dated October 15, 2004, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner's Ruling on Next Steps on all parties of record in this proceeding or their attorneys of record.

Dated October 15, 2004, at San Francisco, California.

/s/ JANET V. ALVIAR

Janet V. Alviar

N O T I C E

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